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Proposed Attorneys for A.G. Ferrari Foods, Debtor

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

In re
A.G. FERRARI FOODS,
Debtor

Case No. 11-43327 EDJ

Chapter 11

**DECLARATION OF PATRICIA T.
SAUCY IN SUPPORT OF
DEBTOR'S MOTION FOR
ORDER THAT COMMITTEE OF
CREDITORS NOT BE
APPOINTED PURSUANT TO 11
U.S.C. § 1102(a)(3)**

Date: May 2, 2011
Time: 2:30 p.m.
Ctrm: 215
U.S. Bankruptcy Court
1300 Clay Street
Oakland, California

I, Patricia T. Saucy, declare as follows:

1. I am the Chief Financial Officer of A.G. Ferrari Foods (the "Debtor"), and the Debtor-In-Possession in the above-captioned Chapter 11 bankruptcy case.
2. I know the following of my own personal knowledge and could and would testify competently thereto if called upon to do so.
3. The Debtor is A.G. Ferrari Foods is an Italian specialty food retailer that also sells its foods through its Wholesale and Internet channels. It began in 1919 with the CEO's grandfather,

1 Annibale Giovanni Ferrari. It has developed over many years and sells fresh and dry Italian
2 products. It direct imports from Italy a substantial amount of the dry goods that it sells in all
3 channels. It currently operates 13 of its own stores in the San Francisco Bay Area. It also operates
4 a Commissary in San Leandro, CA where it handles its fresh food production, and catering, as
5 well as housing its warehousing and administrative functions. The Debtor also transacts business
6 through its website. The company currently employs approximately 145 employees.

7 4. The Debtor has approximately \$1,733,063 in unsecured debt exclusive of any insider debt.
8 It owes secured creditor Bridge Bank ("Bridge") \$136,218.42 as of the filing date. Bridge has a
9 blanket lien on the Debtor's assets. The Debtor estimates that as of the petition date, it has
10 approximately \$1.2 million of inventory (at cost), accounts receivables of approximately \$120,000
11 and equipment valued at approximately \$1.2 million

12 5. I believe that this case is a "small business case" as defined in 11 U.S.C. § 101 (51C)
13 because the debtor is a "small business debtor" under 11 U.S.C. § 101 (51D).

14 6. 11 U.S.C. § 1102(a)(3) provides that "[o]n request of a party in interest in a case in which
15 the Debtor is a small business debtor and for cause, the court may order that a committee of
16 creditors not be appointed." Here the Debtor qualifies as a small business Debtor within the
17 meaning of 11 U.S.C. § 101 (51D) since it is engaged in business activities and had aggregate
18 noncontingent, liquidated secured and unsecured debts as of the Petition Date of less than
19 \$2,343,300. The Debtor maintains that cause exists for not appointing a committee of unsecured
20 creditors in this case for the following reasons: (1) this is a small business case and the Debtor's
21 margins are small, and the Debtor's estate should not be disproportionately burdened with the
22 administrative costs of a committee (which it can ill afford) and the individual creditors are fully
23 capable of protecting their own interests if they choose to do so; (2) the Debtor has been actively
24 in contact with the prospective purchasers and/or investors and to burden the estate with extra
25 costs of a committee could impair the Debtor's ability to negotiate either a sale or investments
26 which will provide the best return to its creditors. Based upon the foregoing, the Debtor maintains
27 that cause exists for not appointing a committee of creditors in this case.

28 I declare under penalty of perjury that the foregoing is true and correct and that this

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1 declaration was executed this 29th day of March, 2011 at San Leandro, California.
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/s/ Patricia T. Saucy

